

DOCKETED**DEC 05 2003****UNITED STATES DISTRICT COURT****NORTHERN DISTRICT OF ILLINOIS**

Howard E. Leventhal, an
individual; and Stealth
MediaLabs, Inc., a Nevada
Corporation,

Plaintiffs

vs.

Gene Byron Schenberg, an
individual; 321 Studios,
Inc., a Missouri
Corporation; and Robert H.
Moore, Rob Semaan, Scott
Christian, John Huhn, Mike
Wozniak, Thomas Fitzsimmons
and James Daly, individuals

Defendants

Case No.

03C 8772**JUDGE RONALD GUZMAN**Amount Claimed:
\$5,000,000.00Cause of Action: **MAGISTRATE JUDGE DENLOW**
Copyright Infringement**BACKGROUND**

WHEREAS Plaintiff Leventhal is an Illinois resident and
Chief Executive Officer of Stealth MediaLabs, Inc. Plaintiff
Stealth MediaLabs, Inc. is a developer of computer software.
Defendant Gene Schenberg is a Missouri resident and former
employee of Stealth MediaLabs, Inc. Defendant 321 Studios, Inc.
is the current employer of Schenberg. Defendants Moore, Semaan,
Christian, Huhn and Wozniak are senior executive officers of
Defendant 321 Studios, Inc. Defendants Fitzsimmons and Daly are
former employers, current and longtime business associates of
Defendant Gene Schenberg.

Plaintiffs respectfully bring the following complaints and
pray for relief claimed herein and as deemed just by this Court.

U.S. DISTRICT COURT

CLERK

66-4-11-3-33030

FILED-EDA

Cause of Action

COPYRIGHT INFRINGEMENT

During the period commencing approximately January, 1999 and ending March 2002, Defendant Gene Schenberg was employed by the Plaintiffs with various responsibilities for production of revenue¹.

During the period of his employment by the Plaintiffs and predecessor companies, Defendant Gene Byron Schenberg, utilizing the facilities and financial resources of the Plaintiffs, built and assembled a database of the business names, individual contact names, addresses and preferences of a list of customers, target customers and prospective customers².

Under the United States Copyright Act of 1976, Title 17, Ch. 5, Sec. 501, Copyright Infringement is defined as follows:

Sec. 501. - Infringement of copyright

(a)

Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 121 or of the author as provided in section 106A(a), or who imports copies or phonorecords into the United States in violation of section 602, is an infringer of the copyright or right of the author, as the case may be. For purposes of this chapter (other than section 506), any reference to copyright shall be deemed to include the rights conferred by section 106A(a). As used in this subsection, the term "anyone" includes any State, any instrumentality of a State, and any officer or

¹ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol I, Page 32

1 employee of a State or instrumentality of a State acting in
2 his or her official capacity. Any State, and any such
3 instrumentality, officer, or employee, shall be subject to the
4 provisions of this title in the same manner and to the same
5 extent as any nongovernmental entity.

6
7 (b)

8
9 The legal or beneficial owner of an exclusive right
10 under a copyright is entitled, subject to the requirements of
11 section 411, to institute an action for any infringement of
12 that particular right committed while he or she is the owner
13 of it. The court may require such owner to serve written
14 notice of the action with a copy of the complaint upon any
15 person shown, by the records of the Copyright Office or
16 otherwise, to have or claim an interest in the copyright, and
17 shall require that such notice be served upon any person whose
18 interest is likely to be affected by a decision in the case.
19 The court may require the joinder, and shall permit the
20 intervention, of any person having or claiming an interest in
21 the copyright.

22
23
24 Plaintiff Leventhal is a majority shareholder of Plaintiff
25 Stealth MediaLabs, Inc. (hereinafter "Stealth"); and also was a
26 majority shareholder and CEO of predecessor company BitzMart,
27 Inc. (hereinafter "BitzMart"). Leventhal was also Chief Executive
28 Officer and a majority shareholder of Primecom Interactive, Inc.,

² Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol I, Page 25

1 (hereinafter "Primecom"). Defendant Gene Schenberg's series of
2 employments by the Plaintiffs began with his employment by
3 Primecom.

4 During the Period of Defendant Gene Schenberg's
5 (hereinafter "Schenberg" or "Schenberg's") employment by the
6 Plaintiffs, Plaintiffs investigated, researched, built, assembled
7 and constructed a list of customers, target customers and
8 prospective customers through substantial investments of
9 Plaintiffs' own financial and human resources, devotion of
10 physical facilities and storage upon the electronic facilities
11 exclusively owned by the Plaintiffs. This list was integrated by
12 the Plaintiffs into an electronic database (hereinafter the
13 "Database") and was generated, gathered and maintained by the
14 Plaintiffs through a substantial expenditure exclusively of
15 Plaintiffs' financial and human resources.

16 As the Database was developed, and at all times relevant
17 hereto, Plaintiffs relied upon the Database and further
18 development of the Database as a principal tool for the
19 generation of revenue for the Plaintiffs and belonging to the
20 Plaintiffs. Schenberg was a principal custodian of the Database
21 in his capacity ONLY as an employee of the Plaintiffs.

22
23
24 During March of 2002, Schenberg voluntarily resigned as an
25 employee of BitzMart³. Subsequent to his resignation, Schenberg
26 became employed by Defendant 321 Studios, Inc. (hereinafter
27 "321")⁴. At a later point, Schenberg left the employ of Defendant
28 321 and came into the employ of another company jointly operated

³ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol II, Page 163

1 by Schenberg and Defendants Thomas Fitzsimmons (hereinafter
2 "Fitzsimmons") and James Daly (hereinafter "Daly")⁵. Subsequently,
3 Schenberg again came into the employ of 321, and continues in the
4 employ of 321 through and including the filing date of this
5 complaint.

6 Defendants Fitzsimmons and Daly are principal owners of
7 Channel Sources, Inc. a marketing and consulting firm engaged in
8 the practice of consulting to software production companies on
9 the topic of securing distribution in retail channels for
10 software products⁶.

11 Prior to his employment by the Plaintiffs, Schenberg was
12 employed by Fitzsimmons and Daly as an order-taker for Channel
13 Sources⁷. Schenberg is known by the Plaintiff's certain knowledge
14 to have had a long-standing business relationship with
15 Fitzsimmons and Daly.

16 Defendant 321 distributes its software products in retail
17 channels such as CompUSA⁸.

18 According to the sworn testimony of Schenberg in another
19 matter [as noted on the cover pages of Exhibit A], during the
20 period of his employment by the plaintiffs, he (Schenberg) copied
21 BitzMart's Database from BitzMart's files onto personal computing
22 devices kept by him for his own use⁹.

23
24 Further according to the sworn testimony of Schenberg,
25 subsequent to his departure from BitzMart, he (Schenberg) copied,
26 misappropriated and unlawfully removed BitzMart's Database from

⁴ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol II, Page 184

⁵ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol II, Page 183

⁶ Exhibit B, Channel Sources website pages facsimile

⁷ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol II, Page 159

⁸ Exhibit C, Excerpt of CompUSA advertisement promoting a 321 Studios' product

1 BitzMart's facilities and stored it using an "ACT" database
 2 program¹⁰, in a format easily transferable to others using
 3 commonly available personal computing devices.

4 Subsequent to Schenberg's employment by 321, the breadth of
 5 321's retail distribution increased, as evidenced by mass
 6 publication of retail advertisements promoting the availability
 7 of 321's software products¹¹.

8 During the period of Schenberg's employment by Primecom and
 9 later BitzMart, the Plaintiffs allege that their businesses
 10 suffered serious harm as a direct result of the actions of
 11 Schenberg, Fitzsimmons and Daly. Fitzsimmons and Daly also
 12 provided consulting services to Primecom. At Primecom, Schenberg,
 13 Fitzsimmons and Daly caused Primecom to manufacture and ship more
 14 than \$4 million worth of merchandise to various retailers and
 15 arranged that payments to Primecom amounted to less than 15% of
 16 the billing prices therefore, effectively bankrupting Primecom.

17 At BitzMart, Schenberg accepted his responsibilities to
 18 produce revenue on a commission basis only.¹² Exhibit D is an
 19 excerpt from a BitzMart Private Equity Placement Memorandum which
 20 Schenberg himself presented to several of his own relatives in
 21 order to sell them shares in BitzMart, in order to receive
 22 (according to Schenberg's testimony, and claimed in his Missouri
 23 lawsuit) an illegal securities sales commission. Exhibit D, Page
 24 38 clearly specifies that Schenberg was to receive compensation
 25 based only on production of revenue. Yet, during the period of
 26 his employment, Schenberg produced absolutely zero revenue¹³. None

⁹ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol 1, Page 25

¹⁰ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol I, Page 25

¹¹ Exhibit C, Excerpt of CompUSA advertisement promoting a 321 Studios' product

¹² Exhibit D, BitzMart, Inc Private Placement Memorandum, excerpted Page 38

¹³ Exhibit A, Sworn testimony of Gene Byron Schenberg, Vol II, Page 164

1 the less, Schenberg was generously advanced funds by the
2 Plaintiffs as a loan against future earnings based upon sales,
3 which were chronically promised by Schenberg but never
4 materialized. Schenberg subsequently thanked the Plaintiffs for
5 their generosity by suing the Plaintiffs for income never earned,
6 Case Number 02CC-001636 Z CV in the Circuit Court of St. Louis
7 County Missouri; in an action initiated while Leventhal and his
8 spouse were traveling in a remote region of China to adopt an
9 orphaned baby girl.

10
11 The Plaintiffs hereby allege as follows:

- 12
- 13 1. Schenberg, Daly and Fitzsimmons conspired to plant
14 Defendant Schenberg within Primecom and subsequently
15 BitzMart for a number of their own purposes, among
16 these, to steal, usurp and convert for their own
17 business purposes the Database exclusively belonging to
18 and an essential business asset of the Plaintiffs.
19
 - 20 2. Schenberg, Daly and Fitzsimmons did, in fact, steal,
21 usurp and convert for their own business purposes the
22 Database property of the Plaintiffs.
23
 - 24 3. Defendants 321, Robert H. Moore, Rob Semaan, Scott
25 Christian, John Huhn, Mike Wozniak, were induced to hire
26 Schenberg and engage the services of Channel Sources,
27 Fitzsimmons and Daly for motivations including the
28 availability of the Plaintiffs' Database; and therefore

1 acted as co-perpetrators against the Plaintiffs in the
2 theft of Plaintiffs' Database.

3
4 4. Plaintiffs above described businesses, which had been
5 valued from \$5 million to \$16 million and more by
6 outside experts, were destroyed as a direct result of
7 the Defendants' actions.

8
9 5. Leventhal's income flow from the destroyed businesses
10 was likewise destroyed as a direct result of the
11 Defendants' actions.

12
13 6. Leventhal's asset value in his shares owned in both
14 businesses was likewise destroyed as a direct result of
15 the Defendants' actions.

16
17 The Congress of the United States recently introduced new
18 legislation, H.R. 3261, October 2003, recognizing the emerging high
19 value of business databases as essential business assets, and the
20 seriousness of harm coming to database owners when such property is
21 stolen. The bill's synopsis begins: "To prohibit the misappropriation
22 of certain databases", and applies directly to the circumstances of
23 this case.

24 The Defendants have clearly and willfully caused serious certain
25 damage to the Plaintiffs, violated existing federal Copyright law and
26 most certainly violated the spirit and intent of a new emerging law
27 adaptive to technological evolution.

JURISDICTION

As to the issue of jurisdiction of the United States Court in this matter:

1. COPYRIGHT LAW is governed by the United States Code of Federal Regulations, and not by state law.
2. DIVERSITY OF CITIZENSHIP is a principal qualifier for Federal jurisdiction. The Plaintiffs hereof reside in Illinois and are incorporated in Nevada. Schenberg is a Missouri resident and 321 Studios, Inc.'s offices are located in Missouri. Defendants Fitzsimmons and Daly and/or their principal business offices are located in Connecticut.

Based upon the above facts, there can be no controversy as to jurisdiction in this matter.

NOW THEREFORE, the Plaintiffs respectfully request and pray this court for relief and judgment against the Defendants as follows:

1. A joint and several monetary judgment for real damages against the Defendants and in favor of the Plaintiffs in the amount of a minimum of \$5,000,000.00 or more, as this court deems fit.
2. A joint and several monetary judgment for punitive damages against the Defendants and in favor of the Plaintiffs in an amount as this court deems fit.
3. An order enjoining the Defendants from using the Database or any derivative work in any current or future business activity.

1
2 4. A order to disgorge 100% of profits from the Defendants to the
3 Plaintiffs, gained by the Defendants during the period of
4 Defendants' unlawful use of the Plaintiffs' Database.
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AFFIDAVIT OF TRUE AND CORRECT INFORMATION

I, Howard E. Leventhal, of lawful age upon oath deposes and says:
that all the facts alleged by the Plaintiffs herein are true and
correct to the best of my own knowledge.

Further affiant sayeth not.

Signature of Affiant

State of Illinois
County of McHenry

The above and foregoing Affidavit as subscribed before me this 3rd day
of December, A.D., 2003 personally
by Michelle A. Shilts.

Michelle A. Shilts

Notary Public



My Commission expires: 9/8/04

AFFIDAVIT OF MAILING

I, Howard E. Leventhal, of lawful age upon oath deposes and says:
that I personally transmitted to the Defendants named herein true,
complete and correct copies hereof. Each Defendant was sent a copy of
this matter by, in every case, first class mail, plus some combination
of electronic mail, facsimile transmission and/or air courier service.
Said transmissions were made on 12/3/03, to the names
and addresses scheduled under "SERVICE TO" below.

Further, affiant sayeth not.

Signature of Affiant

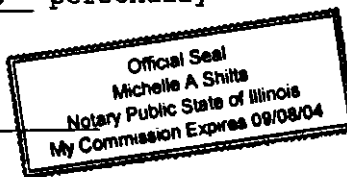
State of Illinois
County of McHenry

The above and foregoing Affidavit as subscribed before me this 3rd day
of December, A.D., 2003 personally
by Michelle A. Shilts.

Michelle A. Shilts

Notary Public

My Commission expires: 9/8/04



SERVICE TO:

Gene Byron Schenberg

402 Country Oak Drive,
Chesterfield, Missouri, 63017

Gene Byron Schenberg

C/o 321 Studios, Inc.
17 Research Park Drive
St. Charles, MO 63304
Phone: 636-720-3600

Fax: 636-720-3899

321 Studios, Inc.

17 Research Park Drive
St. Charles, MO 63304
Phone: 636-720-3600
Fax: 636-720-3899

Robert H. Moore

C/o 321 Studios, Inc.
17 Research Park Drive
St. Charles, MO 63304
Phone: 636-720-3600
Fax: 636-720-3899

Rob Semaan

C/o 321 Studios, Inc.

1 17 Research Park Drive
2 St. Charles, MO 63304
3 Phone: 636-720-3600
4 Fax: 636-720-3899
5

6 Scott Christian

7 C/o 321 Studios, Inc.
8 17 Research Park Drive
9 St. Charles, MO 63304
10 Phone: 636-720-3600
11 Fax: 636-720-3899
12

13 John Huhn

14 C/o 321 Studios, Inc.
15 17 Research Park Drive
16 St. Charles, MO 63304
17 Phone: 636-720-3600
18 Fax: 636-720-3899
19

20 Mike Wozniak

21 C/o 321 Studios, Inc.
22 17 Research Park Drive
23 St. Charles, MO 63304
24 Phone: 636-720-3600
25 Fax: 636-720-3899
26

27 Thomas Fitzsimmons

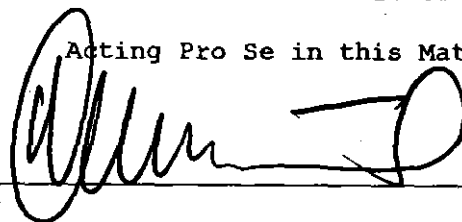
28 Channel Sources Associates

1 246 Federal Rd
2 Suite A-12
3 Brookfield, CT 06804
4 Ph 203-775-6464
5 Fx 203-775-4111
6
7 Counsel for Schenberg:
8 Richard F. Huck, Esq.
9 Blumenfeld, Kaplan & Sandweiss
10 168 North Meramec, Suite 400
11 St. Louis, MO 63105

12 RESPECTFULLY SUBMITTED

13 TO THIS HONORABLE COURT:

14 Acting Pro Se in this Matter

15 
16

17 Howard E. Leventhal

18 Chief Executive Officer

19 Stealth MediaLabs, Inc.

20 11475 Commercial Ave

21 Suite 11

22 Richmond, IL 60071

23 Ph 847-778-1801

24 Fx 312-896-9235

25 Email: hleventhal@hotmail.com
26
27

Page 1

MASUGA, INC. COURT REPORTING 314/878-3257

1 IN THE CIRCUIT COURT OF THE
2 COUNTY OF ST. LOUIS
3 STATE OF MISSOURI

4 GENE SCHENBERG,)
5 an individual,)
6)
7 Plaintiff,)
8)
9 vs.) No. 02CC-001636 Z CV
10)
11 BITZMART, INC., an)
12 Illinois corporation,)
13)
14 Defendant.)
15

16 APPEARANCES:

17 For Plaintiff: Blumenfeld, Kaplan & Sandweiss
18 By Richard F. Huck, Esq.
19 168 North Meramec
20 Suite 400
21 St. Louis, MO 63105

22 For Defendant: Herzog, Crebs & McGhee, LLP
23 By Gene J. Brockland, Esq.
24 One City Centre
 24th Floor
 515 North Sixth Street
 St. Louis, MO 63101

 Also Present: Mr. Howard Leventhal

 VOLUME I THE DEPOSITION of GENE SCHENBERG was
taken on June 10, 2003, between the hours of eight
o'clock in the forenoon and six o'clock in the
afternoon of that day in the County of St. Louis,
State of Missouri, before me, Sara Alice Masuga,
Commissioner, a Notary Public, Certified Shorthand

EXHIBIT A

2 likelihood been in the latter six months of the
3 company time. When the company shifted focus to
4 call on content providers to sell the technology, I
5 think that's when I started to build the database.

6 Q. And about when did that occur to your
7 recollection?

8 A. Sometime in the last six months that I
9 was there. I can't specifically --

10 Q. Okay.

11 A. -- remember.

12 Q. Do you still have that ACT database on
13 your computer?

14 A. I believe I do.

15 Q. How about 16; do you have that?

16 A. You already have those. Or let me
17 rephrase that. Howard already has those. They
18 would have been attached to my expense reports and
19 submitted at the time that I expensed my phone
20 bills.

21 Q. How about 17; any -- any documents?

22 A. No.

23 Q. Eighteen?

24 A. No.

25 Q. How about 19?

Page 25

MASUGA, INC. COURT REPORTING 314/878-3257

EXHIBIT A

24 presentation which I had on a CD or maybe he
25 e-mailed it. I don't remember which. It really

Page 32

MASUGA, INC. COURT REPORTING 314/878-3257

1 didn't apply to this particular sales presentation,
2 but if that's all I had to work with, then that's
3 all I'd have to work with.

4 Q. When you made sales calls on behalf of
5 BitzMart, did you ever use PowerPoint?

6 A. Occasionally this particular presentation
7 that Howard put together, yes.

8 Q. And that was a presentation regarding
9 what?

10 A. The watermarking technology.

11 Q. All right. And when you made those
12 Power -- Well, on how many occasions did you use
13 that presentation to make -- use that PowerPoint
14 presentation on a sales call; do you know?

15 A. I e-mailed it to a lot of people, you
16 know, as an introduction or as part of a sales
17 process in e-mailing and phone calling people. And
18 actually in person presentations? Probably not more
19 than three or four times.

20 Q. Okay. When you made in person
21 presentations using PowerPoint, would you just have
22 people gather around the laptop or did you take a

EXHIBIT A

1 Q. -- other than raising money for
2 investments.

3 A. Okay.

4 Q. At what time were you focused on selling
5 a product?

6 A. I would say, without remembering specific
7 dates, probably the last half to a third of the
8 BitzMart time, whatever that amount actually --
9 dates are, I couldn't tell you.

10 Q. Well, certainly in the months -- Well --

11 A. If I had to guess, I'd say probably from
12 the latter part of -- Let's see. March, 2002?
13 Probably the -- Probably the latter half of 2001
14 through the spring of 2002.

15 Q. All right.

16 A. That'd be a rough guess --

17 Q. All right.

18 A. -- without looking at notes.

19 Q. All right. So, from roughly mid '01 till
20 the end, which is spring of '02 --

21 A. That would be a fair --

22 Q. -- your focus was sales?

23 A. That would be a fair rough time frame,
24 yes.

25 Q. All right. Prior to mid '01, you didn't

1 and shut it down.

2 Q. What are you doing today?

3 A. Today I'm the director of product
4 acquisitions for 321 Studios. I went back to my
5 former employer.

6 (At this point, Defendant's
7 Exhibit J was marked
8 for identification.)

9 Q. I'll show you what's been marked as
10 Defendant's Exhibit J. Is that your signature on
11 that document?

12 A. It is.

13 Q. All right. Is this a -- This references
14 a Toshiba laptop computer system that you received
15 from BitzMart; is that accurate?

16 A. I'm sorry. Ask the question again? I
17 was reading while you were talking to me.

18 Q. Does Exhibit J reference a Toshiba laptop
19 computer system that you received from BitzMart?

20 A. That's what it acknowledges, but it
21 didn't really -- I mean, it -- there's a story
22 behind it, so it -- that's -- that's what the --

23 Q. And I'm sure you're going to tell me --

24 A. -- that's what the --

25 Q. -- what's the story.

1 A. No, but, I mean, it happens all the time,
2 so there's -- there would be no -- nothing specific
3 that would stand out.

4 Q. How about with the people from Channel
5 Sources, with Daley or Fitzsimmons; did you have
6 contact with them while you were with BitzMart?

7 A. No, no more or less than I did as people
8 who I know in the industry on an ongoing basis.

9 Q. You're in business with them today; is
10 that correct?

11 A. That is incorrect.

12 Q. Okay. Were you in business with them
13 when we were last taking your deposition --

14 A. They were -- They were --

15 Q. -- or am I mistaken?

16 A. Yes, they were silent partners in a -- in
17 a business venture that I had.

18 Q. And is that no longer the case?

19 A. That is no longer the case; you are
20 correct.

21 Q. What has become of that?

22 A. It was a -- It was a six month
23 arrangement to try to build an affili- -- affiliate
24 marketing business and at the end of the six month
25 period we decided that the business wasn't viable

1 Primecom going public. There was also a discussion,
2 I think, at the time that I was hired to go work for
3 Primecom that one of the things that I didn't get at
4 Channel Sources which lured me away from Channel
5 Sources was an equity position in the company. And
6 when Primecom failed to go public or provide a
7 meaningful equity position for me in the company,
8 Howard offered to transfer that equity into
9 BitzMart, which is why I was able to purchase this
10 number of shares at this price. It was a number
11 that -- that either we agreed to or he offered or
12 got Burt and the other people in the company to
13 agree to. I'm not quite sure how the amount was
14 arrived at, but it was amount that I was satisfied
15 with.

16 Q. And this was at the time that you were
17 coming over to BitzMart as an -- as a BitzMart
18 employee?

19 A. Somewhere in the midst of those
20 discussions, it was a transfer of equity from
21 Primecom into BitzMart because there was no equity
22 to have in Primecom. So, if you -- if you ask the
23 question was I entitled to it relating all the way
24 back to Primecom because that's where the equity
25 originally came from? Absolutely.

1 see any of your job as being selling a product or
2 selling a concept?

3 A. It's hard for me to remember exactly when
4 the -- when the different points of focus changed to
5 be able to answer that question accurately here. If
6 you'll let me sit with my e-mails or at my computer
7 where I could pull them up, I might be able to give
8 you a better time frame, but when the company first
9 started, there was nothing to sell. It was a
10 concept.

11 Q. Well, all right. Then let's focus on
12 that mid '01 onward time frame then when you're
13 definitely out trying to make sales.

14 A. Okay.

15 Q. Were you successful in that?

16 A. No.

17 Q. Did you make any sales?

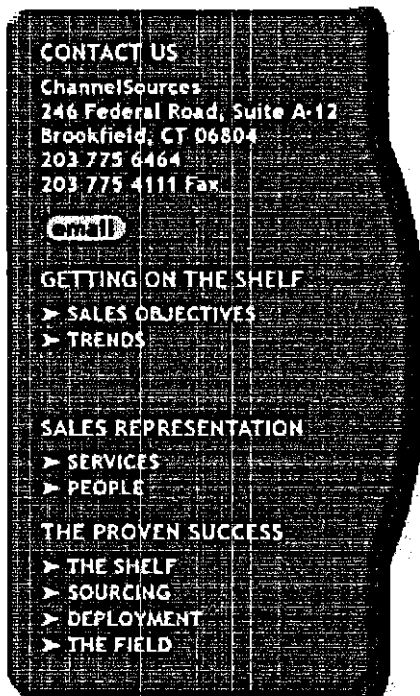
18 A. No.

19 Q. Do you have an opinion now as to why
20 not?

21 A. Well, I was -- I can speculate on a
22 variety of reasons. When we were selling the
23 portal, I don't know that I was successful because I
24 don't think the market was ready for a portal or
25 wanted a portal or that we had perhaps the right

Ch@nnelSources

Winning Sales Strategies that Build
Relationships for the Life of Your Business



People

Executing product roll outs is essential to the growth of your business. ChannelSources will work with you to develop launch plans that will work. With a 15 year relationship with major distributors, ChannelSources helps you manage the process of getting product through distribution and onto the retailer's shelves with minimal hassle.

Bob Allen
Director, Canadian Accounts

Ted Allen
Director, Canadian Accounts

Jim Daly
President

Dan Carlson
Director, Distribution

Thomas Fitzsimons
Executive Vice President

Diane Daudelln
Sales Coordinator

Jo-Ann Hernandez
Vice President

Ira Felgelman

Terry Hatfield

Paul Hertz
Vice President

Kasey LaPlant
Receptionist

Richie Leitner
Senior Vice President

John Sage

Kathy Sutter
Office Manager

Dan Colwell

Ch@nnelSources

Winning Sales Strategies that Build
Relationships for the Life of Your Business

CONTACT US

ChannelSources
246 Federal Road, Suite A-12
Brookfield, CT 06804
203 775 6464
203 775 4111 Fax

email

GETTING ON THE SHELF

- > SALES OBJECTIVES
- > TRENDS

SALES REPRESENTATION

- > SERVICES
- > PEOPLE

THE PROVEN SUCCESS

- > THE SHELF
- > SOURCING
- > DEPLOYMENT
- > THE FIELD

The Proven Success

The Shelf

ChannelSources makes a commitment to a product beyond just on the shelf. Once there, ChannelSources plays a critical role in making the product visible, working with the retailer in category promotion, managing turns, and keeping inventory levels current.

Retailer and Distribution Partners the Battlefield.

For over ten years, ChannelSources sales associates have represented products in North America to over 100 Retail Chains, with over 100 locations, and the growing market of e-tailer (Internet Reseller) proud to have launched dozens of new products and Internet Brands.

The Battle Field

Software
Hardware
Computer Super Stores
Office Supply Super Stores
Mass Merchandise/Dept.
Stores
Consumer Electronic/Buying
Groups
Office Superstores
Bookstores
Corporate
Reseller/Government
Warehouse Clubs
Catalog Direct Retailers
National Distributors & Rack
Jobbers
New Markets
Mac Specialists
Software Only
GameStop (including
FuncoLand) 800
Electronic Boutique 820
Software Plus 1
Hardware Retailers
Computerland 100
Micro-Age 150
IE. Group/Connecting Point
200
PC Warehouse (purchase
separately) 87
Hartco (Canada) 160
Computer Super Stores /
Chains
Comp USA 226
Micro Center 20
Fry's Electronics 20
Micro Access 4
Computer Warehouse 9
ComputeWare 8

Mass Merchandisers
(Continued)
Dillard's 200
Rex Stores 130
Radio Shack 6700
London Drugs (Canada)
40
Zellers (Canada) 240
Consumers
Electronic/Buying Groups
Best Buy 475
Circuit City Stores 620
J & R Electronics 1
The WIZ 17
Good Guy's 72
Future Shop (Canada)
NATM
ABC Warehouse 38
American TV & Appliance
10
P.C. Richard 44
RC Willey 3
Roberts 15
Sound Playground 4
American Furniture 3
Bosco's 21
Brandsmart USA 5
H.H.Gregg 22
Cousins 2
Hells-Meyers 1200
Lack's 10
Hollytron 3
A & B Sound (Canada) 22
Ballo's 2
Brick Warehouse (Canada)
64
Nebraska Furniture Mart 1
Office Super Stores
Office Depot 860

Warehouse C
Sam's 500
Costco Wholesale
B.J.'s Warehouse
Warehouse Club
Catalog Direct
Retailers
Mac/Micro War
Tiger Software
PC Zone 1
PC Connection
Educational Resources
Computability
Scholastic
Outpost 1
CyberWarehouse
Digital River
American Online
Amazon.com
4Sure.com
Buy.com (U.S.)
1
Onvia.com (Canada)
Shop Toshiba
Dell 1
Gateway 1
Insight 1
AOL 1
National Distributors
Ingram Micro
Navarra InfoGraphics
Visco Entertainment
Dr. Bott (Mac)
Distributors
Douglas Stewart
Value
Triad (Canada)
New Market
Toys "R" Us

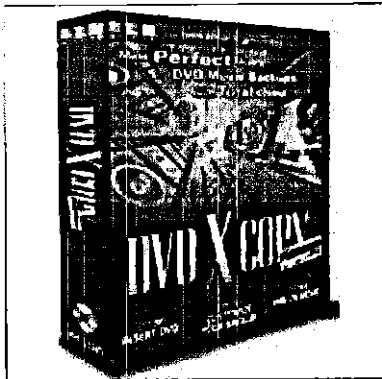

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DVD XCopy Platinum

Manufacturer: 321 Studios

Mfg Part #: 200000

Product Number: 306696

 Price: **\$149.99**

 Enter your zip code under "Check Store Inventory" to see in-store pickup availability. [Learn More.](#)

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Penny Shipping on Everything 11/27-11/29!

Product Information | [Rebate Information](#)

(Based on manufacturer's information)

The first movie backup software that can satisfy even the most critical fan With DVD X Copy Platinum YOU are of your movie backup. Most DVD movies are written on DUAL-layer DVDs – but recordable DVDs are only sing order to backup an entire movie, some elements must be compressed to make it fit. But this results in quality th enough for the most demanding movie buff.

New TDF technology makes the perfect backup possible. With 321 Studio's breakthrough new compression tec - you can completely customize the compression of each scene. If you want your 3 hour movie to fit on one DV! can. If you want it to fit on 2 DVDs, now you can – and you decide what to compress and what not to. In fact, D' comes with a unique preview feature so you can see how various compression percentages will look before you

 Platform: PC

 Media Format: CD-ROM

*Price includes one or more rebates. Click on price for more details. ²Price shown is an internet special. Click on product for more details. ³Pr all stores. Check your local store's inventory before selecting In-Store Pick-Up. ¹Products with this notation are refurbished, please [click here](#) Pricing and availability information is up-to-date as of 11/28/2003 9:29:43 AM. Listed prices are national prices, and actual retail prices me Products are sold on a first come, first serve basis. ⁴Savings percentage reflects the lowest price shown.

BITZMART, INC. | PRIVATE PLACEMENT MEMORANDUM

million through initial public offerings and follow-on offerings. The firm operates branch locations across the United States with over 180 registered representatives. Offers investments to individuals and institutions via a distribution network established throughout the United States and, through syndicated contacts, in western Europe. Website: www.schneider-securities.com

Director Compensation

We currently provide a \$2,500 per year stipend to our (non-payroll) directors for their service as members of our board of directors. We also reimburse all directors for certain expenses in connection with attendance at board meetings.

Executive Compensation

The following table sets forth the compensation plan for services rendered to our Company for the fiscal year ended December 31, 2001 by our senior management.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	All Other Compensation (\$)
Howard E. Leventhal, President, CEO & Director	2000	\$-0 ⁽¹⁾	-0-	-0-	-0-
	2001	\$150,000 ⁽¹⁾	-0-	-0-	-0-
Anan Y. Yaagoub Chief Technology Officer	2001	\$130,000 ⁽²⁾	-0-	-0-	-0-
Gene Schenberg Chief Marketing Officer	2001	(3)	(3)	-0-	-0-

- (1) Mr. Leventhal has elected to defer a portion of his compensation for the fiscal year ended December 31, 2001. He will be paid at the annual rate of \$120,000 per year until certain milestones, as yet unspecified by the Board of Directors, are achieved.
- (2) Mr. Yaagoub has elected to defer a portion of his compensation for the fiscal year ended December 31, 2001. He will be paid at the annual rate of \$40,000 per year until certain milestones, as yet unspecified by the Board of Directors, are achieved.
- (3) Mr. Schenberg will receive certain incentive compensation related to revenue production, in an amount and formula as yet to be determined by the Board of Directors.

Civil Cover Sheet

Cat 3

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

DOCKETED

DEC 05 2003

Civil Cover Sheet 03C 8772

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the Northern District of Illinois.

JUDGE RONALD GUZMAN

Plaintiff(s): Howard E. Leventhal, an individual; and Stealth MediaLabs, Inc., a Nevada Corporation

County of Residence: Lake, Illinois

Plaintiff's Atty: Howard Leventhal, Pro Se
Stealth MediaLabs, Inc.
11475 Comm'l Ave #11,
Richmond, IL 60071
847-778-1801

Defendant(s): Gene Byron Schenberg, an individual; 321 Studios, Inc., a Missouri Corporation; Robert H. Moore, Robert Senfaut, Scott Christian, John Huhn, Mike Wozniak, Thomas Fitzsimmons and James Daly, individuals

County of Residence: St Louis, MO

Defendant's Atty: Richard F. Huck III
168 North Meramec Av 4th Fl
St Louis, MO 63105-0800
314-863-0800

II. Basis of Jurisdiction:

4. Diversity (complete item III)

III. Citizenship of PrincipalParties (Diversity Cases Only)

Plaintiff: - 1 Citizen of This State
Defendant: - 2 Citizen of Another State

IV. Origin :

1. Original Proceeding

V. Nature of Suit:

820 Copyrights

VI. Cause of Action:

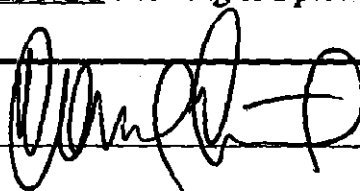
COPYRIGHT INFRINGEMENT, Copyright Act of 1976, Title 17,
Ch. 5, Sec 501.

VII. Requested in Complaint

Class Action: No
Dollar Demand: 5,000,000.00
Jury Demand: Yes

VIII. This case IS NOT a refiling of a previously dismissed case.

Signature: _____



12/3/03

FILED-EDA
66:414 C-33030
U.S. DISTRICT COURT
CLERK

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

DOCKETED

DEC 05 2003

the Matter of

Leventhal et al
vs.Case Number: **03C 8772**

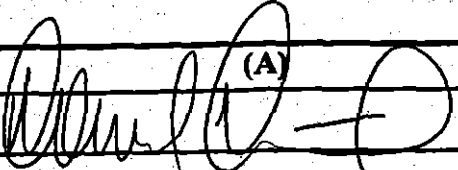
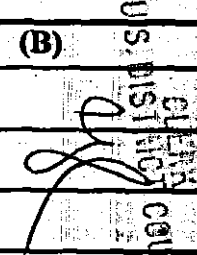
Schenberg et al

JUDGE RONALD GUZMAN

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

LEVENTHAL + STEALTH MEDIA LABS INC., Plaintiffs

MAGISTRATE JUDGE DENIOW

(A)		(B)	
SIGNATURE 		SIGNATURE 	
NAME HOWARD LEVENTHAL		NAME JUDGE DENIOW	
FIRM (Pro se) Stealth Media Labs Inc.		FIRM U.S. DISTRICT COURT	
STREET ADDRESS 11475 Commercial Ave #11		STREET ADDRESS 630 DECATUR ST	
CITY/STATE/ZIP Richmond, IL 60071		CITY/STATE/ZIP CHICAGO, IL 60604	
TELEPHONE NUMBER 847-778-1801	FAX NUMBER 312-896-9235	TELEPHONE NUMBER	FAX NUMBER
E-MAIL ADDRESS hleventhal@hotmail.com		E-MAIL ADDRESS	
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)		IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)	
MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>	
LOCAL ATTORNEY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		LOCAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>	
DESIGNATED AS LOCAL COUNSEL?		DESIGNATED AS LOCAL COUNSEL?	
(C)		(D)	
SIGNATURE		SIGNATURE	
NAME		NAME	
FIRM		FIRM	
STREET ADDRESS		STREET ADDRESS	
CITY/STATE/ZIP		CITY/STATE/ZIP	
TELEPHONE NUMBER	FAX NUMBER	TELEPHONE NUMBER	FAX NUMBER
E-MAIL ADDRESS		E-MAIL ADDRESS	
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)		IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)	
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LOCAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>		LOCAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>	
DESIGNATED AS LOCAL COUNSEL?		DESIGNATED AS LOCAL COUNSEL?	